

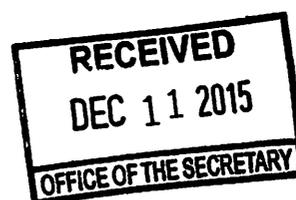
**UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING  
File No. 3-16824**

**In the Matter of**

**DANIEL PAEZ,**

**Respondent.**



**DIVISION OF ENFORCEMENT'S  
MOTION FOR SUMMARY DISPOSITION AGAINST RESPONDENT DANIEL PAEZ  
AND SUPPORTING MEMORANDUM OF LAW**

Andrew O. Schiff  
Regional Trial Counsel

DIVISION OF ENFORCEMENT  
SECURITIES AND EXCHANGE COMMISSION  
801 Brickell Avenue, Suite 1800  
Miami, FL 33131  
Phone: (305) 982-6390  
Fax: (305) 536-4154

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## **I. Introduction**

Pursuant to Rule 250 of the Commission's Rules of Practice, the Division of Enforcement (the "Division") respectfully moves for summary disposition and the imposition of an industry bar from association and a penny stock bar against Respondent Daniel Paez ("Respondent" or "Paez") pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 ("Exchange Act"), and an industry bar from association against Paez pursuant to Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"). The Division sets forth its grounds below.

## **II. History of the Case**

The Commission issued the Order Instituting Proceedings ("OIP") on September 21, 2015, pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act. In summary, the OIP alleges that Paez solicited investors on the false representation he would invest their funds in specific investments or categories of investments, when, in fact, he did not invest the funds but instead used them for gambling and other personal spending. These facts led to Paez's guilty plea in the criminal case against him.

On November 23, 2015, a telephonic pre-hearing conference was held, and all parties were present. At the conference, as confirmed in a written order issued that same day, the Law Judge set a filing deadline of December 11, 2015 for the Division's motion for summary disposition.

## **III. Memorandum of Law**

### **A. Paez's Criminal Case**

On October 15, 2013, the United States Attorney for the Southern District of Florida filed a one-count Information against Paez, charging him with securities fraud, in violation of Exchange Act Sections 10(b) and 32(a), 15 U.S.C. §§ 78j(b) and 78ff(a) (D.E. 1, Information, *United States v. Paez*, No. 1:13-cr-20789 (S.D. Fla.) (attached as Exhibit 1)). On November 26,

2013, pursuant to a plea agreement, Paez pleaded guilty to the Information. (D.E. 16, Plea Agreement, D.E. 15, Criminal Minutes (attached respectively as Exhibits 2 and 3)). On February 21, 2014, the district court judge sentenced Paez to 37 months imprisonment, a three-year supervised release term, and restitution in the amount of \$476,545. (D.E. 32, Judgment (attached as Exhibit 4)).

**B. Facts Determined Against Paez**

The plea agreement's factual summary, which Paez "knowingly adopt[ed] . . . as [his] own statement" (Exh. 2 [Plea Agr.], ¶ 17 n.1),<sup>1</sup> establishes the following: during the period September 2010 through April 2012, Paez was the President and registered agent of Fly High Investments Inc. ("Fly High"), which was in the business of soliciting investor funds to purportedly invest in stocks, securities related to precious metals, and securities related to real estate, among other things. (*Id.* ¶ 17) Paez, on behalf of Fly High, solicited money over the phone and through other means from investors in at least five states. (*Id.*) Paez would promise investors that they would receive high rates of return, their funds would be invested in specific investments or categories of investments, their investments would be safe and secure, and they could withdraw their profits at any time. (*Id.*) Paez also told investors he operated a \$50 million hedge fund. (*Id.*)

Paez received more than \$500,000 from approximately seventeen investors. (*Id.*) Paez did not invest the monies he received in the manner he promised, using approximately \$342,000 of the funds to gamble and to obtain cash for personal use. (*Id.*) Of the \$158,000 he did invest, Paez put the money into penny stocks and other high risk investments that were materially

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<sup>1</sup>A conviction resulting from a guilty plea binds the respondent to the facts he has admitted. See *Gary L. McDuff*, AP File No. 3-15764, 2015 WL 1873119, \*3 & n.18 (Apr. 23, 2015) (Commission Order); *Don Warner Reinhard*, AP File No. 3-13280, 2011 WL 121451, \*7 (Jan. 14, 2011) (Commission Opinion) (respondent who pleaded guilty "cannot now dispute the accuracy of the findings set out in the Factual Basis for Plea Agreement").

different from what he represented to investors. (*Id.*) Paez ultimately spent nearly all of the funds for his own use. (*Id.*)

Paez took steps to conceal his conduct. When investors would ask about their money, Paez would tell them, falsely, that their investments were profitable and that they would receive payments shortly. (*Id.*) Paez would also put people off, telling them to call back soon or complete certain paperwork as a means of avoiding the day of reckoning. (*Id.*) Eventually, Paez stopped returning investors' calls and did not return their funds. (*Id.*)

**C. Summary Disposition is Appropriate**

**1. Because of Paez's Conviction, There are No Disputed Facts**

The Law Judge should grant a motion for summary disposition if there is “no genuine issue with regard to any material fact and the party making the motion is entitled to summary disposition as a matter of law.” 17 C.F.R. § 201.250(b). “[T]he circumstances in which summary disposition in a follow-on proceeding involving fraud is not appropriate ‘will be rare.’” *Robert J. Lunn*, AP File No. 3-16427, 2015 WL 5528212, \*1 (Sept. 21, 2015) (Initial Decision) (quoting *John S. Brownson*, AP File No. 3-10295, 2002 WL 1438186, \*5 n.12 (July 3, 2002) (Commission Opinion), *petition for review denied*, 66 F. App'x 687 (9<sup>th</sup> Cir. 2003) (unpublished))

**2. The Undisputed Facts Entitle the Division to Summary Disposition as A Matter of Law**

The facts determined in Paez's criminal case entitle the Division to summary disposition as a matter of law. The Division seeks relief under Section 15(b)(6)(A) of the Exchange Act, which provides in relevant part:

With respect to any person . . . at the time of the alleged misconduct, who was associated with a broker . . . the Commission, by order, shall censure, place limitations on the activities or functions of such person, or suspend for a period not exceeding 12 months, or bar any such person from being associated with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor,

transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock, if the Commission finds, on the record after notice and opportunity for a hearing, that such censure, placing of limitations, suspension, or bar is in the public interest and that such person—

\* \* \* \*

- (ii) has been convicted of any offense specified in [Exchange Act Section 15(b)(4)(B)] within 10 years of the commencement of the proceedings under this paragraph . . . .

15. U.S.C. § 78o(b)(6)(A). The Division also seeks relief under Advisers Act Section 203(f), which provides for an identical associational bar (but not a penny stock bar) for a person with a qualifying conviction who at the time of the misconduct was associated with an investment adviser. *See* 15 U.S.C. § 80b-3(f).

As shown below, the requirements of Exchange Act Section 15(b)(6) and Advisers Act Section 203(f)—timely issuance of the OIP, conviction under a qualifying statute, and misconduct committed while Paez was associated with either a broker or an investment adviser—are satisfied here.

**a. The Division Timely Filed This Action**

The Division must commence a proceeding under Exchange Act Section 15(b)(6)(A)(ii) and Advisers Act Section 203(f) within ten years of the criminal conviction. *See Joseph Contorinis*, AP File No. 3-15308, 2014 WL 1665995, \*3 (Apr. 25, 2014) (Commission Opinion) (10-year limitations period runs from date of conviction, not underlying conduct). Here, Paez was convicted in 2014, and the OIP was issued in 2015. Therefore, this matter was timely filed.

**b. Paez Was Convicted of a Qualifying Offense**

Paez’s securities fraud conviction constitutes a “felony . . . which . . . . involves the purchase or sale of any security,” thus triggering the Commission’s ability to sanction him under both the Exchange Act and the Advisers Act. *See* Exchange Act Sections 15(b)(4)(B)(i),

15(b)(6)(A)(ii), 15 U.S.C. §§ 78o(b)(4)(B)(i), 78o(b)(6)(A)(ii); Advisers Act Sections 203(e)(2), 203(f), 15 U.S.C. §§ 80b-3(e)(2), 80b-3(f).

**c. Paez Was Associated with a Broker and an Investment Adviser at the Time of the Misconduct**

**i. Broker Association**

Exchange Act Section 15(b)(6)(A) requires that Paez have been a “person . . . associated with a broker” at the time of the misconduct. The association need not have been with a registered broker. *See Jenny E. Coplan*, AP File No. 3-15798, 2014 WL 1713067, \*2 n.3 (May 1, 2014) (Initial Decision). Moreover, if Paez was a broker at the time of the misconduct, he will also be a “person controlling . . . such broker,” thus satisfying the requirement that he have been a person associated with a broker. Exchange Act Section 3(a)(18), 15 U.S.C. § 78c(a)(18); *see Stewart E. Rawitt*, AP File No. 3-16357, 2015 WL 1907623, \*2 (Apr. 28, 2015) (Initial Decision).

With respect to Paez’s broker status, Exchange Act Section 3(a)(4)(A) defines a “broker” as “any person engaged in the business of effecting transactions in securities for the account of others.” 15 U.S.C. § 78c(a)(4)(A). “The phrase ‘engaged in the business’ means a level of participation in purchasing and selling securities involving more than a few isolated transactions; there is no requirement that such activity be a person’s principal business or the principal source of income.” *See Anthony Fields*, AP File No. 3-14684, 2015 WL 728005, \*18 (Feb. 20, 2015) (Commission Opinion) (quotations and alterations omitted); *Haider Zafar*, AP File No. 3-16473, 2015 WL 4911516, \*4 (Aug. 18, 2015) (Initial Decision) (“Zafar acted as a broker . . . by holding himself out as a broker, recruiting investors, and handling client funds.”). In *Fields*, as an alternative basis for its decision, the Commission found that Fields acted as a broker when he unsuccessfully attempted to sell “prime bank” instruments, relying on Fields’ “repeated[] attempt[s] to induce transactions in securities for other individuals by soliciting potential

investors and arranging transactions on their behalf.” *Fields*, 2015 WL 728005, \*18. In *Zafar*, broker status was found for an individual who defrauded three professional basketball players in an investment scheme. *See Zafar*, 2015 WL 4911516, \*4 (“Zafar advertised having access to exclusive investment opportunities, recruited wealthy basketball players to invest in those sham opportunities, and took custody of basketball players’ funds placed with him for investment.”).

Here, the facts Paez admitted clearly establish that he was acting as a broker. He was involved in far more than a few isolated transactions, selling \$500,000 worth of securities to at least seventeen investors over an eighteen-month period. Paez solicited the investors, discussed the merits of the investment, and handled investor funds. Therefore, Paez was a broker and a person associated with a broker during the time of the misconduct.

**ii. Investment Adviser Association**

Advisers Act Section 203(f) requires that Paez have been “a person associated with an investment adviser” at the time of the misconduct. 15 U.S.C. § 80b-3(f). An investment adviser includes “any person who, for compensation, engages in the business of advising others, either directly or through publications or writings . . . as to the advisability of investing in, purchasing, or selling securities . . . .” Advisers Act Section 202(a)(11), 15 U.S.C. § 80b-2(a)(11). Misappropriation of client assets constitutes “compensation” within the meaning of this definition. *See Alexander V. Stein*, AP File No. 3-8112, 1995 WL 358127, \*2 & n.13 (June 8, 1995) (Commission Opinion). Moreover, if Paez was an investment adviser at the time of the misconduct, he will also be a “person controlling . . . such investment adviser,” thus satisfying the requirement that he have been a person associated with an investment adviser. Advisers Act Section 202(a)(17), 15 U.S.C. § 80b-2(a)(17); *see Anthony J. Benincasa*, AP File No. 3-8825, 2001 WL 99813, \*2 (Feb. 7, 2001) (Commission Order) (individual acting as investment adviser

would also control investment adviser and therefore meet definition of “person associated with an investment adviser”).

Here, Paez was a person associated with an investment adviser at the time of the misconduct. First, Paez advised Fly High of the advisability of investing in, purchasing, or selling securities, namely, the \$158,000 of “penny stocks or other high risk investments” described in the plea agreement. (Exh. 2 [Plea Agr.], ¶ 17) *See SEC v. Wealth Strategy Partners, LC*, 2015 WL 3603621, \*5 (M.D. Fla. June 5, 2015) (The “exercise[] [of] control over what purchases and sales are made with investors’ funds . . . is considered to be investment advice for purposes of the Advisers Act.”) (quotations and alterations omitted). Second, Paez’s misappropriation of Fly High’s assets constitutes “compensation” within the meaning of Advisers Act Section 202(a)(11). Third, because Paez was an investment adviser he was also associated with an investment adviser. Therefore, he is subject to sanction pursuant to Section 203(f).

**d. Industry and Penny Stock Bars are Appropriate Sanctions**

In determining whether an administrative sanction is in the public interest, the Commission considers: (1) the egregiousness of a respondent’s actions; (2) the isolated or recurrent nature of the violations; (3) the degree of scienter involved; (4) the respondent’s assurances against future violations; (5) the respondent’s recognition of the wrongful nature of his conduct; and (6) the likelihood the respondent’s occupation will present opportunities for future violations. *See Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979). “Absent ‘extraordinary mitigating circumstances,’ an individual who has been convicted cannot be permitted to remain in the securities industry.” *Frederick W. Wall*, AP File No. 3-11529, 2005 WL 2291407, \*8 (Sept. 19, 2005) (Commission Opinion).

Here, these factors weigh in favor of industry and penny stock bars. First, Paez's actions were egregious. His conviction establishes that to feed his gambling habit, he executed a fraudulent investment scheme, guaranteeing high rates of return on "investments" he never made. In short, Paez ran a flagrant scam that harmed approximately 17 investors.

Second, this was not a one-time lapse in judgment. Paez defrauded 17 investors over an eighteen-month period. Third, Paez's level of scienter was extremely high. He knew he was not investing the money in the manner he promised and was simply misappropriating investors' funds. His scienter was so substantial it gave rise to a criminal conviction.

With respect to the fourth and fifth factors, notwithstanding his guilty plea, Paez has provided no assurances that he will avoid future violations of the law. Although "[c]ourts have held that the existence of a past violation, without more, is not a sufficient basis for imposing a bar[,] . . . 'the existence of a violation raises an inference that it will be repeated.'" *Tzemach David Netzer Korem*, AP File No. 3-14208, 2013 WL 3864511, at \*23 n.50 (July 26, 2013) (Commission Opinion) (quoting *Geiger v. SEC*, 363 F.3d 481, 489 (D.C. Cir. 2004)); accord *Robert J. Lunn*, AP File No. 3-16427, 2015 WL 5528212, \*7 (Sept. 21, 2015) (Initial Decision). Paez can offer no evidence to rebut that inference.

Finally, although Paez is serving a sentence, he will be released in the near future, and unless he is barred from the securities industry he will have the chance to again harm investors. Accordingly, a permanent<sup>2</sup> bar is appropriate.

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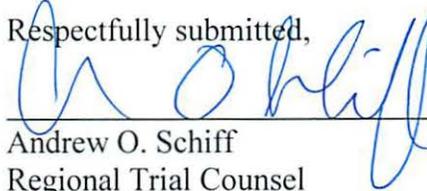
<sup>2</sup>At the pre-hearing conference, inquiry was made about the length of the bar and the right to reapply. The Division is seeking a permanent bar, also known as an "unqualified bar," in that the bar would "not contain a provision indicating that after the expiration of a specified time [Paez] could apply to re-enter the securities industry." *Matthew D. Sample*, AP File No. 3-15850, 2015 WL 5305992, \*2 (Sept. 10, 2015) (Commission Opinion). Paez could move to modify an unqualified bar at any time, but would have to make a substantial showing to convince the Commission to grant such relief. See *Victor Teicher*, AP File No. 3-8394, 2008 WL 4587535, \*2 (Oct. 15, 2008) ("[A]bsent extraordinary circumstances, a person subject to an unqualified bar will be unable to establish that it is in the public interest to permit reentry to the securities industry.") (citation and quotation omitted) (Commission Opinion).

**IV. Conclusion**

For the reasons discussed above, the Division asks the Law Judge to sanction Paez by issuing a penny stock bar and barring him from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent or NRSRO.

December 10, 2015

Respectfully submitted,



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Andrew O. Schiff  
Regional Trial Counsel  
Direct Line: (305) 982-6390  
schiffa@sec.gov

DIVISION OF ENFORCEMENT  
SECURITIES AND EXCHANGE COMMISSION  
801 Brickell Avenue, Suite 1800  
Miami, FL 33131  
Phone: (305) 982-6300  
Fax: (305) 536-4154

**CERTIFICATE OF SERVICE**

I hereby certify that an original and three copies of the foregoing were filed with the Securities and Exchange Commission, Office of the Secretary, 100 F Street, N.E., Washington, D.C. 20549-9303, and that a true and correct copy of the foregoing has been served by U.S. Mail, on this 10th day of December, 2015, on the following persons entitled to notice:

Honorable Jason S. Patil  
Administrative Law Judge  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-2557

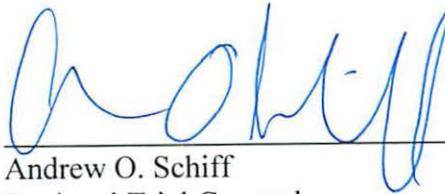
Mr. Daniel Paez

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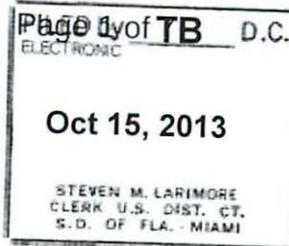
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Sumterville, FL [REDACTED]



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Andrew O. Schiff  
Regional Trial Counsel



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
**13-20789-CR-DIMITROULEAS/SNOW**  
Case No. \_\_\_\_\_

15 U.S.C. § 78j(b)  
15 U.S.C. § 78ff(a)  
17 C.F.R. § 240.10b-5  
18 U.S.C. § 981(a)(1)(C)

UNITED STATES OF AMERICA

vs.

DANIEL PAEZ,

**Defendant.**

INFORMATION

The United States Attorney charges that:

GENERAL ALLEGATIONS

At all times material to this Information:

1. Fly High Investments, Inc. ("Fly High") was registered as a Florida corporation and conducted business at 9452 SW 38<sup>th</sup> Street, Miami, Florida 33165, among other places. Fly High was in the business of soliciting money from investors to purportedly invest in stocks, securities related to precious metals, and securities related to real estate, among other things.
2. Defendant **DANIEL PAEZ** was a resident of Miami-Dade County, Florida and was the President and registered agent of Fly High.
3. The NASDAQ Stock Market ("NASDAQ"), was a stock exchange in which shares of common stocks and other securities were traded and which operated as a national securities exchange.



**SECURITIES FRAUD**  
**(15 U.S.C. §§ 78j(b) and 78ff(a);**  
**78 C.F.R. § 240.10b-5)**

From in or around September 2010, through at least in or around April 2012, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendant,

**DANIEL PAEZ,**

did knowingly, willfully, and unlawfully, by the use of means and instrumentalities of interstate commerce, the mails, and the facilities of national securities exchanges, directly and indirectly, use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities, and: (a) employ a device, scheme and artifice to defraud; (b) make untrue statements of material facts and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices and courses of business which would and did operate as a fraud and deceit upon any person, in connection with the purchase and sale of securities.

**PURPOSE OF THE SCHEME AND ARTIFICE**

4. The purpose of the scheme and artifice was for the defendant to unjustly enrich himself by obtaining money from investors through false representations, promises and omissions and other acts, to: (a) enjoy a lavish lifestyle by using the money and property of investors, and (b) give the false impression that securities transactions and other investments activities were taking place with investor funds.

**THE SCHEME AND ARTIFICE**

The manner and means by which the defendant sought to accomplish the object and purpose of the scheme and artifice included, among others, the following:

5. In or around September 2010, through at least in or around April 2012, **DANIEL PAEZ** solicited money from investors located in Florida and other states, including California, South Dakota, New Jersey, and Minnesota. **PAEZ**, acting as the President of Fly High, personally solicited investors over the phone and through other means.

6. During telephone conversations, **DANIEL PAEZ** promised investors high rates of return, safety and security of the investments, that investors could take out profits at any time, and that the monies would be placed into specific investments or categories of investments. **PAEZ** also told investors that he operated a hedge fund valued in excess of \$50 million.

7. Upon receipt of investor funds, **DANIEL PAEZ** did not invest the money in the manner he had promised to investors. Instead, **PAEZ** used nearly all of the investor funds to gamble at casinos and obtain large amounts of cash for his personal benefit. **PAEZ** did invest certain investor monies in stocks and other securities, but often in high risk investments or penny stocks that were materially different from the specific investments promised to investors during their sales pitch.

8. Of the more than \$500,000 in investor funds obtained during the scheme, **DANIEL PAEZ** only invested approximately \$158,000 of these funds, which were used to buy and sell stocks and other securities using the facilities of national securities exchanges. **PAEZ** engaged in the same day purchase and sale of securities to make it appear that investor funds were used for trading and to make a profit on a particular day, when in fact the investor funds were being diverted for the personal benefit of **PAEZ**.

9. When investors contacted Fly High and **DANIEL PAEZ** to inquire about the status of their funds, **PAEZ** made false and misleading statements, including falsely stating that their investments had been profitable and that return payments would be forthcoming. **PAEZ**

also told investors to call back or to complete certain meaningless paperwork, as a means of delaying the return of funds. **PAEZ** ultimately stopped returning calls and ignored requests for the return of their investor funds.

**SECURITIES TRANSACTION**

10. On or about November 7, 2011, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendant,

**DANIEL PAEZ,**

did knowingly, willfully, and unlawfully, by the use of means and instrumentalities of interstate commerce, the mails, and the facilities of national securities exchanges, directly and indirectly, use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities, and: (a) employ a device, scheme and artifice to defraud; (b) make untrue statements of material facts and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices and courses of business which would and did operate as a fraud and deceit upon any person, in connection with the purchase and sale of securities, to wit, the purchase and sale of 259 shares of AAPL common stock on the NASDAQ exchange.

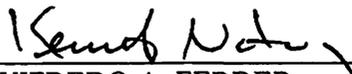
In violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240.10b-5.

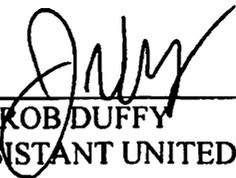
**FORFEITURE**  
**(18 U.S.C. § 981(a)(1)(C))**

1. The allegations contained in this Information are realleged and incorporated by reference as though fully set forth herein for the purpose of alleging forfeiture to the United States of America, of certain property in which the defendant has an interest.

2. Upon conviction of the violation alleged in this Information, defendant **DANIEL PAEZ** shall forfeit to the United States all property, real or personal, which constitutes or is derived from proceeds traceable to such violation.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and the procedures set forth at Title 21, United States Code, Section 853, made applicable through Title 28, United States Code, Section 2461(c).

  
\_\_\_\_\_  
WIFREDO A. FERRER  
UNITED STATES ATTORNEY

  
\_\_\_\_\_  
JERROB DUFFY  
ASSISTANT UNITED STATES ATTORNEY



**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

PENALTY SHEET

**Defendant's Name:** DANIEL PAEZ

**Case No:** \_\_\_\_\_

Count #: 1

Securities Fraud

Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal

Regulations, Section 240.10b-5

**\* Max. Penalty:** 20 years' imprisonment

Counts #:  
\_\_\_\_\_  
\_\_\_\_\_

**\*Max. Penalty:** \_\_\_\_\_

Count #:  
\_\_\_\_\_  
\_\_\_\_\_

**\*Max. Penalty:** \_\_\_\_\_

Count #:  
\_\_\_\_\_  
\_\_\_\_\_

**\*Max. Penalty:** \_\_\_\_\_

**\*Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 13-20789-CR-DIMITROULEAS/SNOW

UNITED STATES OF AMERICA,

v.

DANIEL PAEZ,

Defendant.

\_\_\_\_\_ /

**PLEA AGREEMENT**

The United States of America and Daniel Paez (hereinafter "defendant") enter into the following agreement:

1. The defendant understands that he has the right to have the evidence and charges against him presented to a federal grand jury for determination of whether or not there is probable cause to believe he committed the offenses with which he is charged. Understanding this right, and after full and complete consultation with his counsel, the defendant agrees to waive in open court his right to prosecution by indictment and agrees that the United States may proceed by way of an Information to be filed pursuant to Rule 7 of the Federal Rules of Criminal Procedure.

2. The defendant agrees to plead guilty to an Information to be filed in the future, that will charge the defendant with one count of securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240.10b-5. In exchange for defendant's agreement to plead guilty, and for fulfilling all of his other obligations set forth in the plea agreement, and subject to the limitations and provisions set



forth in this agreement, the Office of the United States Attorney for the Southern District of Florida (hereinafter "Office"), agrees not to prosecute defendant for any other offenses arising out of the conduct described in paragraph 17 below. This agreement includes only the conduct set forth in paragraph 17 below, and excludes Title 26 offenses, crimes of violence, any other conduct not set forth in paragraph 17 below, and any proceeding which may be pending at the time this agreement is signed. This agreement is also limited to this Office, and as such, does not and cannot bind other federal, state, regulatory, or local prosecuting authorities.

3. The defendant is aware that the sentence will be imposed by the court after considering the Federal Sentencing Guidelines and Policy Statements (hereinafter "Sentencing Guidelines"). The defendant acknowledges and understands that the court will compute an advisory sentence under the Sentencing Guidelines and that the applicable guidelines will be determined by the court relying in part on the results of a Pre-Sentence Investigation by the court's probation office, which investigation will commence after the guilty plea has been entered. The defendant is also aware that, under certain circumstances, the court may depart from the advisory sentencing guideline range that it has computed, and may raise or lower that advisory sentence under the Sentencing Guidelines. The defendant is further aware and understands that the court is required to consider the advisory guideline range determined under the Sentencing Guidelines, but is not bound to impose that sentence; the court is permitted to tailor the ultimate sentence in light of other statutory concerns, and such sentence may be either more severe or less severe than the Sentencing Guidelines' advisory sentence. Knowing these facts, the defendant understands and acknowledges that the court has the authority to impose any sentence within and up to the statutory maximum authorized by law for the offenses identified in

paragraph 2, and that the defendant may not withdraw the plea solely as a result of the sentence imposed.

4. The defendant also understands and acknowledges that the court may impose a statutory maximum term of imprisonment of up to twenty (20) years for the Information as to Count One, followed by a term of supervised release of up to three (3) years. In addition to a term of imprisonment and supervised release, the court may impose a fine of up to \$5 million, and must order restitution. The defendant agrees that he will make restitution in an amount determined by the Court.

5. The defendant also agrees that he shall assist the United States in all proceedings, whether administrative or judicial, involving the forfeiture to the United States of all right, title, and interest, regardless of their nature or form, in all assets, including real or personal property, cash or other monetary instruments, wherever located, which the defendant or others to his knowledge have accumulated as a result of the defendant's illegal activities. Additionally, defendant agrees to identify as being subject to civil forfeiture all such assets, and assist in the transfer of such property to this Office or the FBI as directed, all necessary and appropriate documentation with respect to said assets, including consents to forfeiture, quit claim deeds and any and all other documents necessary to deliver good and marketable title to said property.

6. The defendant further understands and acknowledges that, in addition to any sentence imposed under paragraph 4 of this agreement, a special assessment in the amount of \$200.00 will be imposed on the defendant. The defendant agrees that any special assessment imposed shall be paid at the time of sentencing.

7. The Office reserves the right to inform the court and the probation office of all facts pertinent to the sentencing process, including all relevant information concerning the

offenses committed, whether charged or not, as well as concerning the defendant and the defendant's background. Subject only to the express terms of any agreed-upon sentencing recommendations contained in this agreement, the Office further reserves the right to make any recommendation as to the quality and quantity of punishment.

8. The United States agrees that it will recommend at sentencing that the court reduce by two levels the sentencing guideline level applicable to the defendant's offense, pursuant to Section 3E1.1(a) of the Sentencing Guidelines, based upon the defendant's recognition and affirmative and timely acceptance of personal responsibility. If at the time of sentencing the defendant's offense level is determined to be 16 or greater, the government will make a motion requesting an additional one level decrease pursuant to Section 3E1.1(b) of the Sentencing Guidelines, stating that the defendant has assisted authorities in the investigation or prosecution of his own misconduct by timely notifying authorities of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the court to allocate their resources efficiently. The United States, however, will not be required to make these recommendations if the defendant: (1) fails to fulfill all of his obligations under this plea agreement; (2) fails or refuses to make a full, accurate and complete disclosure to the probation office of the circumstances surrounding the relevant offense conduct; (3) is found to have misrepresented facts to the government prior to entering into this plea agreement; or (4) commits any misconduct after entering into this plea agreement, including but not limited to committing a state or federal offense, violating any term of release, or making false statements or misrepresentations to any governmental entity or official.

9. The Office and the defendant agree that, although not binding on the probation office or the Court, they will jointly recommend that the Court make the following findings and conclusions as to the sentence to be imposed on the count to which the defendant shall plead:

a. Applicable Guideline Offense and Base Offense Level: Pursuant to Section 2B1.1 of the Sentencing Guidelines, the offense guideline applicable to Count One, the base offense level is 7.

b. Specific Offense Characteristics:

The parties agree and stipulate that the following offense characteristics apply: Under Section 2B1.1(b)(1)(H): an increase of 14 levels is appropriate because the offense involved greater than \$400,000 but not more than \$1 million in losses; under Section 1b1.1(b)(2)(i) an increase of 2 levels is appropriate because the offense involved 10 or more victims (but not 50 or more).

10. The defendant is aware that the sentence has not yet been determined by the court. The defendant also is aware that any estimate of the probable sentencing range or sentence that the defendant may receive, whether that estimate comes from the defendant's attorney, the government, or the probation office, is a prediction, not a promise, and is not binding on the government, the probation office or the court. The defendant understands further that any recommendation that the government makes to the court as to sentencing, whether pursuant to this agreement or otherwise, is not binding on the court and the court may disregard the recommendation in its entirety. The defendant understands and acknowledges, as previously acknowledged in paragraph 3 above, that the defendant may not withdraw his plea based upon

the court's decision not to accept a sentencing recommendation made by the defendant, the government, or a recommendation made jointly by both the defendant and the government.

11. The defendant agrees that he shall cooperate fully with this Office by, among other things: (a) providing truthful and complete information and testimony, and producing documents, records and other evidence, when called upon by this Office, whether in interviews, before a grand jury, or at any trial or other court proceeding; (b) appearing at such grand jury proceedings, hearings, trials, and other judicial proceedings, and at meetings, as may be required by this Office; and (c) if requested by this Office, working in an undercover role under the supervision of, and in compliance with, law enforcement officers and agents.

12. The Office reserves the right to evaluate the nature and extent of the defendant's cooperation and to make the defendant's cooperation, or lack thereof, known to the court at the time of sentencing. If in the *sole and unreviewable judgment* of this Office the defendant's cooperation is of such quality and significance to the investigation or prosecution of other criminal matters as to warrant the court's downward departure from *the advisory sentence* calculated under the Sentencing Guidelines, this Office may at or before sentencing make a motion consistent with the intent of Section 5K1.1 of the Sentencing Guidelines prior to sentencing, or Rule 35 of the Federal Rules of Criminal Procedure subsequent to sentencing, reflecting that the defendant has provided substantial assistance and recommending that the defendant's sentence be reduced from the advisory sentence suggested by the Sentencing Guidelines. The defendant acknowledges and agrees, however, that nothing in this Agreement may be construed to require this Office to file any such motion(s) and that this Office's assessment of the nature, value, truthfulness, completeness, and accuracy of the defendant's

cooperation shall be binding insofar as the appropriateness of this Office's filing of any such motion is concerned.

13. The defendant understands and acknowledges that the Court is under no obligation to grant the motion(s) referred to in this agreement should the government exercise its discretion to file any such motion. The defendant also understands and acknowledges that the court is under no obligation to reduce the defendant's sentence because of the defendant's cooperation.

14. The defendant is aware that Title 18, United States Code, Section 3742 affords the defendant the right to appeal the sentence imposed in this case. Acknowledging this, and in exchange for the undertakings made by this Office in this plea agreement, the defendant hereby waives all rights conferred by Title 18, United States Code, Section 3742 to appeal the conviction, any sentence imposed, including any restitution order, or to appeal the manner in which the sentence was imposed, unless the sentence exceeds the maximum permitted by statute or is the result of an upward departure from the guideline range that the court establishes at sentencing. The defendant further understands that nothing in this agreement shall affect this Office's right and/or duty to appeal as set forth in 18 U.S.C. § 3742(b). However, if this Office appeals the defendant's sentence pursuant to Section 3742(b), the defendant shall be released from the above waiver of appellate rights. By signing this agreement, the defendant acknowledges that he has discussed the appeal waiver set forth in this agreement with his attorney. The defendant further agrees, together with this Office, to request that the district court enter a specific finding that the defendant's waiver of his right to appeal the conviction or sentence to be imposed in this case was knowing and voluntary.

15. In the event the defendant withdraws from this agreement prior to or after pleading guilty to the charges identified in paragraph two (2) above or otherwise fails to fully comply with any of the terms of this plea agreement, this Office will be released from its obligations under this agreement, and the defendant agrees and understands that: (a) the defendant thereby waives any protection afforded by any proffer letter agreements between the parties, Section 1B1.8 of the Sentencing Guidelines, Rule 11(f) of the Federal Rules of Criminal Procedure, and Rule 410 of the Federal Rules of Evidence, and that any statements made by the defendant as part of plea discussions, any debriefings or interviews, or in this agreement, whether made prior to or after the execution of this agreement, will be admissible against the defendant without any limitation in any civil or criminal proceeding brought by the government; and (b) the defendant stipulates to the admissibility and authenticity, in any case brought by the United States in any way related to the facts referred to in this agreement, of any documents provided by the defendant or the defendant's representatives to any state or federal agency and/or this Office.

16. The defendant recognizes that pleading guilty may have consequences with respect to the defendant's immigration status, if the defendant is not a citizen of the United States. Under federal law, a broad range of crimes are removable offenses, and, in some cases, removal is presumptively mandatory. Removal and other immigration consequences are the subject of a separate proceeding, however, and the defendant understands that no one, including the defendant's attorney or the district court, can predict to a certainty the effect of the defendant's conviction on the defendant's immigration status. The defendant nevertheless affirms the desire to plead guilty regardless of any immigration consequences that the plea may entail, even if the consequence is automatic removal from the United States.

17. The defendant hereby (i) confirms that he has reviewed the following facts with legal counsel, (ii) adopts the following factual summary as his own statement, (iii) agrees that the following facts are true and correct, and (iv) stipulates that the following facts provide a sufficient factual basis for the plea of guilty in this case, in accordance with Rule 11(b)(3) of the Federal Rules of Criminal Procedure:

Daniel Paez ("Paez") was a resident of Miami-Dade County, Florida. Fly High Investments Inc. ("Fly High"), was registered as a Florida corporation on September 6, 2010. Paez was the President and registered agent of Fly High, which conducted business at 9452 SW 38<sup>th</sup> Street, Miami, Florida 33165, among other places. Fly High was in the business of soliciting money from investors to purportedly invest in stocks, securities related to precious metals, and securities related to real estate, among other things.

From in or about September 2010 through at least in or about April 2012, Paez solicited money from investors located in Florida and other states, including California, South Dakota, New Jersey, and Minnesota. Paez, acting as the president of Fly High, personally solicited investors over the phone and through other means. During telephone solicitations, Paez promised high rates of return, safety and security of the investments, that investors could take out profits at any time, and that the monies would be placed into specific investments or categories of investments. Paez also told investors that he operated a hedge fund valued in excess of \$50 million. Paez and Fly High used both the U.S. mails and interstate wire communications, such as phone calls, to carry out solicitations and subsequent money transfers.

Upon receipt of funds, Paez did not invest the money in the manner he had promised to investors. Instead, Paez used nearly all of the investor funds obtained under the auspices of Fly High to gamble at casinos and obtain large amounts of cash for his own personal use. Paez did invest certain monies, but in penny stocks or other high risk investments that were materially different than the specific investments promised to investors during the sales pitch.

For example, on or about June 9, 2011, investor A.R. located in Minnesota sent \$100,000 via the U.S. mail to Paez at Fly High's Miami address, for the purpose of investing in certain securities. In reality, Paez used the majority of these funds to make cash withdrawals and purchases at Seminole Hard Rock Casino in Broward County, Florida. In total, Paez received funds from investors in excess of \$500,000. Of the more than \$500,000 in investor funds obtained, Paez only invested approximately \$158,000 of these funds, which were used to buy and sell penny stocks and other securities using the facilities of national securities exchanges, and diverted the remaining funds to his immediate personal

benefit. Paez ultimately spent nearly all of the investor funds for his own personal use. The number of victim investors was approximately seventeen.

When investors asked about the status of their funds, Paez would make false and misleading statements, including by falsely stating to investors that their investments had been profitable, and falsely indicating that return payments would be forthcoming. Paez also would tell investors to call back soon or to complete certain paperwork, as a means of delaying the ultimate return of funds. Ultimately, Paez did not return the funds to investors when asked, and ultimately stopped calling them back altogether.<sup>1</sup>

18. This Office represents that the undersigned prosecutor is unaware of any information establishing the factual innocence of the defendant in the offenses referred to in paragraph two of this agreement. This Office understands it has a continuing duty to provide such information establishing factual innocence of the defendant. The defendant understands that if this case proceeded to trial, this Office would be required to provide impeachment information relating to any informants or other witnesses. In addition, if the defendant raised an affirmative defense, this Office would be required to provide information in its possession that supports such a defense. Further, if this case proceeded to trial, this Office would be required to provide other information and materials in accordance with Fed. R. Crim. P. 16 and the Southern District of Florida's Standing Discovery Order. In return for the Government's promises set forth in this agreement, the defendant waives the right to receive in discovery any such information and materials other than information and materials establishing the factual innocence of the defendant, and agrees not to attempt to withdraw the guilty plea or to file a collateral attack

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<sup>1</sup> I, Daniel Paez, after having completed plea negotiations and having reached a plea agreement with the United States, hereby affirm that I understand the foregoing and voluntarily and knowingly adopt the Factual Basis set forth in paragraph 17 as my own statement. This statement is intended to be a post-plea discussion statement and is not protected by Criminal Procedure Rule 11(e)(6) or Federal Rule of Evidence 410. No promises or inducements have been made to me other than those contained in this agreement. I am satisfied with the representation of my attorney in this matter.  
Defendant  and Defense Counsel 

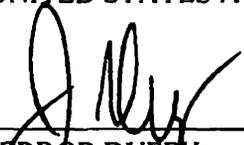
based on the existence of such information and materials other than information and materials establishing the factual innocence of the defendant.

19. This Office agrees that it will not seek additional upward specific offense characteristics, enhancements, or upward departures to or from the defendant's offense level beyond those, if any, specifically referred to in this agreement, except that this Office shall have the right in its discretion to seek additional upward specific offense characteristics, enhancements, or upward departures to or from the defendant's offense level beyond those, if any, specifically referred to in this agreement where any such additional upward specific offense characteristics, enhancements, or upward departures to or from the defendant's offense level would be based on conduct occurring after the defendant enters into this agreement. The defendant agrees that he will be sentenced under the Sentencing Guidelines and will not seek additional downward specific offense characteristics, reductions, variances, or downward departures to or from the defendant's offense level beyond those, if any, specifically referred to in this agreement. However, in the event the probation office recommends any specific offense characteristics, enhancements, reductions, or departures to or from the defendant's offense level other than those, if any, specifically referred to in this agreement, either party shall have the right but not the obligation to oppose any such recommendation.

20. This Plea Agreement between the parties is the entire agreement and understanding between the United States and the defendant. There are no other agreements, promises, representations, or understandings.

WIFREDO A. FERRER  
UNITED STATES ATTORNEY

Date: 11/26/13

By:   
JERROB DUFFY  
ASSISTANT UNITED STATES ATTORNEY

Date: 11/26/13

By:   
SAMUEL I. RABIN, JR., ESQ.  
ATTORNEY FOR DEFENDANT

Date: 11/26/13

By:   
DANIEL PAEZ  
DEFENDANT

CRIMINAL MINUTES

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
HONORABLE WILLIAM P. DIMITROULEAS

Time in Court: 30 min

CASE NUMBER: 13-20789 DATE: November 26, 2013

COURTROOM CLERK: Karen Carlton COURT REPORTER: Francine Salopek

PROBATION: \_\_\_\_\_ INTERPRETER: \_\_\_\_\_

UNITED STATES OF AMERICA VS Ornel Palz

U.S. ATTORNEY: Jerrob Duffy DEFT. COUNSEL: Sam Rubin

REASON FOR HEARING: Change of Plea

RESULT OF HEARING: Defendant sworn and questioned by the Court. Deft. to enter guilty plea to Information. Deft. accepts guilty plea.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CASE CONTINUED TO: 2/4/14 TIME: 1:30 FOR: Sentencing

MISC: Written plea agreement filed

\_\_\_\_\_



**UNITED STATES DISTRICT COURT**  
**Southern District of Florida**  
**Fort Lauderdale Division**

**UNITED STATES OF AMERICA**  
**v.**  
**DANIEL PAEZ**

**JUDGMENT IN A CRIMINAL CASE**

Case Number: **13-20789-CR-DIMITROULEAS**  
USM Number: **04234-104**

Counsel For Defendant: **Samuel Rabin, Jr., Esq.**  
Counsel For The United States: **Jerrob Duffy, AUSA**  
Court Reporter: **Francine Salopek**

**The defendant pleaded guilty to count(s) One.**

The defendant is adjudicated guilty of these offenses:

<u>TITLE &amp; SECTION</u>	<u>NATURE OF OFFENSE</u>	<u>OFFENSE ENDED</u>	<u>COUNT</u>
15 USC 78j(b)and 78ff(a)	Securities Fraud	04/2012	One

The defendant is sentenced as provided in the following pages of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of material changes in economic circumstances.

Date of Imposition of Sentence: **2/21/2014**

  
**William P. Dimitrouleas**  
**United States District Judge**

Date: Feb. 21, 2014



**DEFENDANT: DANIEL PAEZ**  
**CASE NUMBER: 13-20789-CR-DIMITROULEAS**

**IMPRISONMENT**

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of **37 months**.

**The court makes the following recommendations to the Bureau of Prisons: BOP 500 hour drug treatment program and that the defendant be designated to FCI Coleman.**

**The defendant is remanded to the custody of the United States Marshal.**

**RETURN**

I have executed this judgment as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_

at \_\_\_\_\_, with a certified copy of this judgment.

\_\_\_\_\_  
UNITED STATES MARSHAL

\_\_\_\_\_  
DEPUTY UNITED STATES MARSHAL

**DEFENDANT: DANIEL PAEZ**  
**CASE NUMBER: 13-20789-CR-DIMITROULEAS**  
**SUPERVISED RELEASE**

Upon release from imprisonment, the defendant shall be on supervised release for a term of **3 years**.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.

**The defendant shall cooperate in the collection of DNA as directed by the probation officer.**

**The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon.**

If this judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

**STANDARD CONDITIONS OF SUPERVISION**

1. The defendant shall not leave the judicial district without the permission of the court or probation officer;
2. The defendant shall report to the probation officer and shall submit a truthful and complete written report within the first fifteen days of each month;
3. The defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
4. The defendant shall support his or her dependents and meet other family responsibilities;
5. The defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
6. The defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
7. The defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
8. The defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
9. The defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
10. The defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
11. The defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
12. The defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
13. As directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

**DEFENDANT: DANIEL PAEZ**  
**CASE NUMBER: 13-20789-CR-DIMITROULEAS**

**SPECIAL CONDITIONS OF SUPERVISION**

**Financial Disclosure Requirement** - The defendant shall provide complete access to financial information, including disclosure of all business and personal finances, to the U.S. Probation Officer.

**Mental Health Treatment** - The defendant shall participate in an approved inpatient/outpatient mental health treatment program. The defendant will contribute to the costs of services rendered (co-payment) based on ability to pay or availability of third party payment.

**Permissible Search** - The defendant shall submit to a search of his/her person or property conducted in a reasonable manner and at a reasonable time by the U.S. Probation Officer.

**Self-Employment Restriction** - The defendant shall obtain prior written approval from the Court before entering into any self-employment.

**Substance Abuse Treatment** - The defendant shall participate in an approved treatment program for drug and/or alcohol abuse and abide by all supplemental conditions of treatment. Participation may include inpatient/outpatient treatment. The defendant will contribute to the costs of services rendered (co-payment) based on ability to pay or availability of third party payment.

**Treatment for Gambling** - The defendant shall participate in an approved program of evaluation/treatment for problem/pathological gambling. Further, the defendant will contribute to the cost of services for such evaluation/treatment (copayment) based on the ability to pay or availability of third party payment.

DEFENDANT: DANIEL PAEZ  
CASE NUMBER: 13-20789-CR-DIMITROULEAS

**CRIMINAL MONETARY PENALTIES**

The defendant must pay the total criminal monetary penalties under the schedule of payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$100.00	\$0.00	\$476,545.00

The defendant must make restitution (including community restitution) to the attached list of payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>NAME OF PAYEE</u>	<u>TOTAL LOSS*</u>	<u>RESTITUTION ORDERED</u>	<u>PRIORITY OR PERCENTAGE</u>
For Administrative Purposes and not to be made part of public record	\$476,545.00	\$476,545.00	

**Restitution with Imprisonment - It is further ordered that the defendant shall pay restitution in the amount of \$476,545.00. During the period of incarceration, payment shall be made as follows: (1) if the defendant earns wages in a Federal Prison Industries (UNICOR) job, then the defendant must pay 50% of wages earned toward the financial obligations imposed by this Judgment in a Criminal Case; (2) if the defendant does not work in a UNICOR job, then the defendant must pay \$25.00 per quarter toward the financial obligations imposed in this order. Upon release of incarceration, the defendant shall pay restitution at the rate of 10% of monthly gross earnings, until such time as the court may alter that payment schedule in the interests of justice. The U.S. Bureau of Prisons, U.S. Probation Office and U.S. Attorney's Office shall monitor the payment of restitution and report to the court any material change in the defendant's ability to pay. These payments do not preclude the government from using other assets or income of the defendant to satisfy the restitution obligations.**

\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

\*\*Assessment due immediately unless otherwise ordered by the Court.

**DEFENDANT: DANIEL PAEZ**  
**CASE NUMBER: 13-20789-CR-DIMITROULEAS**

**SCHEDULE OF PAYMENTS**

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

**A. Lump sum payment of \$100.00 due immediately.**

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

This assessment/fine/restitution is payable to the CLERK, UNITED STATES COURTS and is to be addressed to:

**U.S. CLERK'S OFFICE**  
**ATTN: FINANCIAL SECTION**  
**400 NORTH MIAMI AVENUE, ROOM 08N09**  
**MIAMI, FLORIDA 33128-7716**

The assessment/fine/restitution is payable immediately. The U.S. Bureau of Prisons, U.S. Probation Office and the U.S. Attorney's Office are responsible for the enforcement of this order.

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

<u>CASE NUMBER</u> <u>DEFENDANT AND CO-DEFENDANT NAMES</u> <u>(INCLUDING DEFENDANT NUMBER)</u>	<u>TOTAL AMOUNT</u>	<u>JOINT AND SEVERAL AMOUNT</u>
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**The Government shall file a preliminary order of forfeiture within 3 days.**

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.



**Office Memorandum**  
SECURITIES AND EXCHANGE COMMISSION

**Miami Regional Office**

DATE: December 10, 2015  
TO: OFFICE OF THE SECRETARY  
FROM: Andrew O. Schiff, Esq.  
By: Jessica Benitez-Perellada, Paralegal  
RE: **In the Matter of Daniel Paez**  
**Adm. Proceeding No. 3-16824**



Enclosed please find the original and three copies of the Division of Enforcement's Motion for Summary Disposition and Supporting Memorandum of Law.

Thank you.